training/workshops and issue of posters. RBI has also set up dedicated cells for monitoring and analysis of counterfeit notes detected at the bank branches, which will be an input for implementing further measures, as required.

Insulation of India from the global financial meltdown

1607. SHRI KALRAJ MISHRA: Will the PRIME MINISTER be pleased to state:

(a) whether the Confederation of Indian Industry (CII) has submitted a five (5) point agenda to insulate India from the global financial meltdown; and

(b) if so, the details of the proposal and Government's response and decision thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes Sir.

(b) The five-point agenda includes – communication and confidence, domestic liquidity and interest rates, foreign exchange management, credit flow and impetus to growth, fiscal and export promotion imperatives to help real economy.

The details of the agenda are available at the CII web site at following web address: *http://www.ciionline.org/full story.php?menu id=78&news id=1924*

Some of the measures taken in India with regard to domestic liquidity, interest rates, credit flow and impetus to growth include:

(a) **Monetary measures**: Reduction in the following rates: Repo-6.5% from 9%, Reverse repo 5 % from 6%, CRR to 5.5% from 9% and SLR to 24% from 25%.

(b) **Bank Overseas borrowings**

October 15, 2008: Banks permitted to borrow funds from their overseas branches and correspondent banks up to a limit of 50 per cent of their unimpaired Tier I capital as at the close of the previous quarter or USD 10 million, whichever is higher, as against the existing limit of 25 per cent.

(c) **External Commercial Borrowings**

ECB up to USD 500 million per borrower per financial year permitted for Rupee expenditure and / or foreign currency expenditure for permissible end - uses under the Automatic Route. In addition the all in cost limits were enhanced.

(d) **Participatory Notes**

October 7, 2008: SEBI decided to lift curbs on the issuance of the Participatory Notes by the Foreign Institutional Investors. The regulator will remove the 40 per cent restriction for issuance of PNs for both cash and derivative segments.

(e) **FII Investment in debt**

October 15, 2008 : following the Government of India's announcement, SEBI enhanced the FII investment in corporate debt limit from US $ 3 billion to USA$ 6 billion. Further in order to accord flexibility to the FIIs to allocate the investments across equity and debt, it has been decided to do away with the conditions pertaining to restrictions of 70:30 ratio of investment in equity and debt respectively, with immediate effect.

(f) **Banks, NBFCs and Mutual Funds**

Liquidity windows opened.

(g) NRI Deposits:

September 16, 2008: Increase in interest rate ceiling on FCNR (B) deposits by 50 basis points, *i.e.,* to Libor/Euribor/Swap rates minus 25 basis points.

Increase in interest rate ceiling on NR(E)RA deposits by 50 basis points, *i.e.*, to Libor/Euribor/Swap rates plus 50 basis points.

October 15, 2008: Increase in interest rate ceiling on FCNR (B) deposits by 50 basis points, *i.e.,* to Libor/Euribor/Swap rates plus 25 basis points.

Increase in interest rate ceiling on NR(E)RA deposits by 50 basis points, *i.e.,* to Libor/Euribor/Swap rates plus 100 basis points.

(h) **Some other measures**

Measures announced by RBI on November 28, 2008 are available at: *http://rbi.org.in/scripts/BS PressReleaseDisplay.aspx?prid=19568*

(i) **Measures taken in December, 2008 include:**

a) RBI's Growth Stimulus as announced on December 6, 2008. The details of the same are available at *http://rbi.org.in/scripts/BS PressReleaseDisplay.aspx?prid=19612*

b) Further Measures announced by RBI on December 11, 2008 to Stimulate Growth are available at http://rbi.org.in/scripts/BS PressReleaseDisplay.aspx?prid-I9637

c) Measures announced by Government for stimulating the economy (Press release from the Prime Minister's Office dated 7th December, 2008 is available at: *http://pib.nic.in/release/release.asp?relid=45376&kwd=*

Employment of international re-insurers by insurance companies

1608. SHRI R.C. SINGH: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that public sector general insurance companies have been employing international re-insurers with questionable credit ratings;

(b) whether it is also a fact that some of these re-insurers had gone into liquidation and owed crores of rupees;

(c) if so, the details thereof; and

(d) what action has been taken to recover the dues from the re-insurers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) General Insurers' Public Sector Association (GIPSA) has reported that public sector general insurance companies are not employing international re-insurers with questionable credit ratings. While placing business with re-insurance, the insurance companies ensure that international re-insurers has atleast a rating of "BBB" or equivalent of Standard & Poor as prescribed by the Insurance Regulatory and Development Authority.